

**RHEINGOLD EXPLORATION CORP.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

For the three month period ended April 30, 2014

Dated June 30, 2014

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**Introduction**

This Management's Discussion and Analysis ("**MD&A**") of the financial position and results of operations of Rheingold Exploration Corp. (the "**Company**" or "**Rheingold**") should be read in conjunction with the unaudited condensed interim financial statements of the Company for the three months ended April 30, 2014 and the related notes contained therein. The financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ("**IAS 34**"). All dollar figures included therein and in the following MD&A are quoted in Canadian dollars. Additional information relevant to the Company and its activities can be found on SEDAR at [www.sedar.com](http://www.sedar.com).

This MD&A is current as of June 30, 2014.

**Forward Looking Statements and Forward-Looking Information**

The information provided in this MD&A may contain forward-looking statements and forward-looking information about Rheingold within the meaning of applicable securities laws. In addition, Rheingold may make or approve certain statements or information in future filings with Canadian securities regulatory authorities, in news releases, or in oral or written presentations by representatives of Rheingold that are not statements of historical fact and may also constitute forward-looking statements or forward-looking information. All statements and information, other than statements of historical fact, made by Rheingold that address activities, events, or developments that Rheingold expect or anticipate will or may occur in the future are forward-looking statements and information, including, but not limited to, statements and information preceded by, followed by, or that include words such as "may", "would", "could", "will", "likely", "expect", "anticipate", "believe", "intends", "plan", "forecast", "budget", "schedule", "project", "estimate", "outlook", or the negative of those words or other similar or comparable words.

Forward-looking statements and information involve significant risks, assumptions, uncertainties and other factors that may cause actual future performance, achievement or other realities to differ materially from those expressed or implied in any forward-looking statements or information and, accordingly, should not be read as guarantees of future performance, achievement or realities.

Actual performance, achievement or other realities could differ materially from those expressed in, or implied by, any forward-looking statements or information in this MD&A and, accordingly, investors should not place undue reliance on any such forward-looking statements or information. Further, any forward-looking statement or information speaks only as of the date on which such statement is made, and Rheingold does not undertake any obligation to update any forward-looking statements or information to reflect information, events, results, circumstances, realities or otherwise after the date on which such statement is made or to reflect the occurrence of unanticipated events, except as required by law, including securities laws. All forward-looking statements and information contained in this MD&A and other documents of Rheingold are qualified by such cautionary statements. New factors emerge from time to time, and it is not possible for management to predict all of such factors and to assess in advance the impact of each such factor on Rheingold's business or the extent to which any

factor, or combination of factors, may cause actual realities to differ materially from those contained in any forward-looking statements.

In addition, forward-looking statements and information herein, including financial information, is based on certain assumptions relating to the business and operations of Rheingold. Although Rheingold has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements and forward-looking information in this MD&A, and the documents incorporated by reference herein, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There is no assurance that such statements and information will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements or information. Accordingly, readers should not place undue reliance on forward-looking statements and forward-looking information contained in this MD&A.

## **The Company**

Rheingold Exploration Corp. is a resource exploration company that is exploring for gold in the Rainy River district of northwestern Ontario. The objective of management is to maximize shareholder value by exploring and developing the Company's Pattullo mineral project in a cost-effective and technically sound manner. The Company's head office is located at 128 Dunsmuir Street, Vancouver, BC, V6B 1X7, and the Company's registered and records office is located at Suite 600, 1090 West Georgia Street, Vancouver, BC, V6E 3V7.

The Company was incorporated in the Province of British Columbia on July 29, 2010. The fiscal year end of the Company is January 31.

## **Overall Performance**

The key factors pertaining to the Company's overall performance for the period ended April 30, 2014 are as follows:

- The Company had working capital of \$160,806 as at April 30, 2014, as compared to working capital of \$193,059 as at January 31, 2014. The reason for this decrease is primarily due to regular operating expenses that the Company has incurred over the past three months of operations.
- The Company incurred a net loss of \$31,851 for the three month period ended April 30, 2014, as compared to a net loss of \$32,587 for the three month period ended April 30, 2013. The primary reason for this decreased net loss was largely due to a decrease in filing fees in 2014, compared to the same period in 2013.
- All direct costs related to the acquisition of resource property interests have been capitalized. The Company has no operating cash flow and its level of operations has been determined by the availability of capital resources. Therefore, it is difficult to identify any meaningful trends or develop an analysis from cash flows. Cash flow used in operating activity for the three month period ended April 30, 2014 was \$20,280 compared to cash flow used in operating activity for the three month period ended April 30, 2013 of \$33,374. The primary reason for this decrease in

use of cash was due to the Company becoming more efficient at managing the process of being a reporting issuer.

### **Pattullo Property**

The Company currently holds an option to acquire a 100% interest in 4 claims covering 439 hectares in the Pattullo and Tait townships of Ontario, Canada, known as the Pattullo Property (the "**Property**"). Pursuant to an option agreement (the "**Option Agreement**") dated as of June 13, 2011, Rheingold was granted the option to acquire a 100% interest in the Property from Perry Vern English acting on behalf of Rubicon Minerals Corporation (the "**Optionor**") in consideration of Rheingold agreeing to, over a four year period, pay a total of \$105,000 in cash to the Optionor and, over a two year period, issue 150,000 common shares of the Company to the Optionor. To date, the Company has paid a total of \$75,000 in cash and issued a total of 150,000 shares to satisfy the option payment requirements on the property.

Upon the commencement of any commercial production on the Property, Rheingold must pay the Optionor a 2% net smelter royalty, 1% of which can be purchased back by Rheingold by paying \$1,000,000 in cash to the Optionor.

A geological report (the "**Technical Report**") prepared by David J. Busch, who is a "Qualified Person" as defined in National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("**NI 43-101**"), was completed in relation to the Property on April 10, 2012. The Technical Report is available for review under the Company's profile on the SEDAR website at [www.sedar.com](http://www.sedar.com). The Technical Report recommends that the Company conduct an exploration program with an estimated budget of \$203,500. The Technical Report recommends that the proposed work program consist of a deep penetrating electromagnetic survey and diamond drilling.

### **Selected Annual Information**

The following table sets forth summary financial information for the Company for the financial year ended January 31, 2014, and for the financial year ended January 31, 2013. This information has been summarized from the Company's audited financial statements for the same periods. This summary of financial information should only be read in conjunction with the Company's financial statements, including the notes thereto.

	Year Ended January 31, 2014 (audited)	Year Ended January 31, 2013 (audited)
Exploration and evaluation properties	\$187,014	\$178,534
Total assets	\$403,662	\$556,630
Total revenues	\$0	\$0
Long-term debt	\$0	\$0
General and administrative expenses	\$141,996	\$ 186,105
Net loss	\$159,996	\$244,008
Basic and diluted loss per share <sup>(1)</sup>	\$0.01	\$0.03

(1) Based on weighted average number of common shares issued and outstanding for the period.

## Discussion of Operations

The loss for the three month period ended April 30, 2014, was \$31,851 as compared to the loss of \$32,587 for three month period ended April 30, 2013. Total expenses for the three month period ended April 30, 2014 was \$31,851, as compared to the total expenses of \$32,587 for April 30, 2013. Professional fees consist of legal, accounting and audit fees. Shared-base payments consist of the fair value of the stock options vested during the period. Expenses for the period ended April 30, 2014 included:

- For the three month period ended April 30, 2014 Professional fees were \$8,633, compared to \$Nil for the same three month period in 2013. The primary reason for this increase was due to the Company not being billed for professional fees during the quarter ended April 30, 2013.
- Share-based payments of \$Nil compared to \$Nil for the same period in 2013. No director stock options were issued or vested in either period. All outstanding director stock options were granted on January 18, 2012 and were already fully vested and their cost fully recognized during prior periods. No new director stock options have been issued since January 18, 2012.
- Management fees of \$15,000, compared to \$15,000 in same period of the previous year. The Company agreed to pay the CEO management fees of \$5,000 per month after the Company's shares began to trade on the TSX-Venture Exchange, while the CEO was not paid for his service prior to the Company closing its IPO.
- Filing Fees of \$5,571 compared to \$11,667 for the same period in 2013. The primary reason for this decrease was due to The Company incurring additional filing fees in the same period in 2013 due to its late filing of its annual financial statements in 2013.

- Office and miscellaneous of \$2,629, compared to \$2,078 for the same period in 2013, as the Company had various office and administration expenses associated with daily operations of the business for the period ended April 30, 2014. The increase is due to the Company renting office space during its most recent quarter, while it did not pay to rent office space during the same period in 2013.

### Summary of Quarterly Results

The following financial data was derived from the Company's financial statements for each of the eight most recently completed financial quarters:

	<b>July 31, 2013</b>	<b>October 31, 2013</b>	<b>January 31, 2014</b>	<b>April 30, 2014</b>
Revenues	\$Nil	\$Nil	\$Nil	\$Nil
Net Loss before other income/expenses	(\$59,686)	(\$25,262)	(\$24,461)	(\$31,851)
Other Items: Loss of disposition of exploration and evaluation properties	\$Nil	\$Nil	(\$18,000)	\$Nil
Net Loss after other income/expenses	(\$59,686)	(\$25,262)	(\$42,461)	(\$31,851)
Net Loss per share - basic and diluted	(\$0.01)	(\$0.00)	(\$0.00)	(\$0.003)
Weighted average number of shares outstanding	11,257,130	11,286,260	11,296,260	11,274,205

	<b>July 31, 2012</b>	<b>October 31, 2012</b>	<b>January 31, 2013</b>	<b>April 30, 2013</b>
Revenues	\$Nil	\$Nil	\$Nil	\$Nil
Net Loss before other income/expenses	(\$53,294)	(\$21,255)	(\$54,543)	(\$32,587)
Other items: Loss of disposition of exploration and evaluation properties	\$Nil	\$Nil	(\$1,650)	\$Nil
Net loss after other income/expenses	(\$53,294)	(\$21,255)	(\$56,193)	(\$32,587)
Net Loss per share - basic and diluted	(\$0.007)	(\$0.003)	(\$0.005)	(\$0.003)
Weighted average number of shares outstanding	7,869,886	7,896,260	11,246,260	11,246,260

The factors that have caused variations in results over the quarters are:

- The Company incurred a net loss of \$31,851 for the three month period ended April 30, 2014, as compared to a net loss of \$24,461 for the three month period ended January 31, 2014. The increased loss was mainly due to an increase in filing fees during the three month period ended April 30, 2014.
- The Company incurred a net loss of \$25,262 for the three month period ended October 31, 2013, as compared to a net loss of \$59,686 for the three month period ended July 31, 2013. The decreased loss was mainly due to a decrease in professional fees during the three month period ended October 31, 2013.
- The Company incurred a net loss of \$25,262 for the three month period ended October 31, 2013, as compared to a net loss of \$21,255 for the three month period ended October 31, 2012. The primary reason for this increased net loss was largely due to an increase in management and filing fees during the period ending 2013.
- The Company incurred a net loss of \$32,587 for the three month period ended April 30, 2013, as compared to a net loss of \$109,624 for the three month period ended April 30, 2012. The decreased loss was mainly due to professional fees of \$Nil, compared to \$51,390 for the same period in 2012, and share-based payments of \$Nil compared to \$44,984 for the same period in 2012. The decrease in Share-based payments was the result of the director stock options granted on January 18, 2012 being fully vested and their cost fully recognized during the financial years ended January 31, 2012 and January 31, 2013. No new director stock options have been issued since January 18, 2012.
- The director stock options granted on January 18, 2012 were recognized as share-based payments expense in the quarters ended January 31, 2012, April 30, 2012, and October 31, 2012 as the stock options vested. This increased the loss during those respective periods.
- Substantially all of the exploration activity that has occurred on the Property to date took place during the quarter ended October 31, 2011. The Company significantly increased its level of operations beginning in July 2011 and therefore the net loss before other items for periods thereafter was significantly higher than for the previous quarters.

### **Liquidity and Capital Resources**

The Company is in the exploration stage and therefore has no cash inflow from operations. Its only significant source of funds since incorporation has been from the sale of common shares. From the date of incorporation on July 29, 2010, to October 31, 2012, it raised \$898,650 from the sale of shares through the issuance of 10,996,260 common shares. Since October 31, 2012 the company has not raised any additional capital by way of selling common shares. Since inception the Company has also issued: 50,000 common shares to Karl Antonius for services provided to the Company in bringing the opportunity to acquire the Property; 100,000 common shares to Fred Bonner, a director of the Company, for services to the Company in regard to bringing mining acquisition opportunities to the attention of the Company; and 150,000 common shares to Rubicon Minerals Corporation under the

terms of the Pattullo Option Agreement. In total, there are 11,296,260 common shares outstanding as of the date of this MD&A.

On August 3, 2012, the Company filed its final long form prospectus pertaining to its initial public offering of shares with the British Columbia, Nova Scotia and Ontario Securities Commissions. The prospectus can be found on SEDAR at [www.sedar.com](http://www.sedar.com).

On October 31, 2012, the Company completed its initial public offering and issued 3,350,000 common shares of the Company at \$0.15 per common share for total cash proceeds of \$502,500. In connection with this offering, the Company paid \$76,878 in cash and issued 268,000 agent compensation warrants valued at \$21,129. Each agent compensation warrant entitles the holder to purchase one common share of the Company at \$0.15 per share for a period of 24 months.

As at April 30, 2014, current assets were \$197,167 (January 31, 2014 - \$216,648) and current liabilities were \$36,361 (January 31, 2014 - \$23,990), resulting in working capital of \$160,806 as at April 30, 2014 (January 31, 2014 - \$192,658). There are no known trends affecting liquidity or capital resources.

As at April 30, 2014 the Company had total assets of \$384,181 (January 31, 2014 - \$403,662). The Company's total assets are comprised of cash of \$166,367 (January 31, 2014 - \$187,647), amounts receivable of \$27,775 (January 31, 2014 - \$25,862), prepaid expenses and advances of \$3,025 (January 31, 2014 - \$3,139) and capitalized exploration and evaluation properties costs of \$187,014 (January 31, 2014 - \$187,014). The Company's cash balance is expected to fund the Company's operations for at least 12 months.

The Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain mineral reserves that are economically recoverable. The recoverability of the amounts shown for resource properties are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production.

While the information in this MD&A has been prepared on a going concern basis, which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future, there are conditions and events that cast significant doubt on the validity of this presumption. The Company's ability to continue as a going concern is dependent upon achieving profitable operations and upon obtaining additional financing. While the Company is using its best efforts in this regard, the outcome of these matters cannot be predicted at this time.

Under the Pattullo Property Option Agreement the Company can acquire a 100% interest in the Property in consideration of the Company agreeing to, over a four year period, pay a total of \$105,000 in cash to the Optionor and, over a two year period, issue 150,000 common shares of the Company to the Optionor. Upon the commencement of any commercial production on the Property, Rheingold must pay the Optionor a 2% net smelter royalty, 1% of which can be purchased back by Rheingold by paying \$1,000,000 in cash to the Optionor. As of the date of this MD&A, Rheingold is current in its obligations under the Agreement and has paid a total of \$75,000 in cash and issued a total of 150,000 shares to satisfy the option payment requirements.



## Exploration Expenditures

From incorporation to April 30, 2014, the Company incurred the following exploration expenditures on its flagship Pattullo Property that were capitalized as incurred:

	For the three month period ended 30 April 2014	For the three month period ended 30 April 2013	Cumulative amounts from incorporatio n on 29 July 2010 to 30 April 2014
	\$	\$	\$
<b>Exploration and evaluation expenditures</b>			
Consulting fees	Nil	Nil	15,662
Geological	Nil	Nil	27,252
Geophysical	Nil	Nil	79,100
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	Nil	Nil	122,014
<b>Acquisition costs</b>	Nil	Nil	65,000
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	Nil	Nil	187,014
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Description of exploration and evaluation expenditures	Cost (not including tax)
Line cutting (includes cutting grid of approximately 29.45 kilometers)	\$27,252
Mag, IP, and TDEM ground geophysical surveys (includes labour, lodging, transportation, and equipment)	\$79,100
Consulting fees	\$15,662
<b>TOTAL:</b>	<b>\$122,014</b>

The Company capitalized exploration expenditures of \$0 and \$0 respectively for the three month period ended April 30, 2014 and April 30, 2013.

A grid consisting of approximately 29.45 kilometers of line was cut on the Property by Haveman Brothers Forestry Services Ltd. in the summer of 2011. In the summer of 2011, Exploitation Senex Inc. completed a ground geophysical survey, which included magnetometer, time domain electromagnetic (“TDEM”) and induce polarization (“IP”).

A magnetometer (Scintrex Omni Magnetometer with Base) survey was completed over approximately 24 kilometers of the grid and collected 2,058 data points. The survey was conducted on lines 100 meters apart. The magnetometer survey was conducted using a method commonly referred to as a “walking survey” with readings taken at 1 second intervals while the operator walked the grid line. The ground magnetometer survey identified a magnetic high referred to as an “anomaly”. It might be more aptly referred to as a feature that is part of a magnetic trend evident in the regional magnetic data obtained from the Ontario Government airborne survey. This feature is likely related to late porphyry intrusives in the felsic volcanics and sediments projected to trend through the area. Felsic porphyries were encountered by Skyharbour Resources Ltd. in diamond drill holes. The northwest trending magnetic low at the west end of the grid reflects the margin of an interpreted northwest trending mafic dike also evident on the airborne magnetic data. Of perhaps some significance is the “break” in the magnetic pattern near the center of the grid. This north trending feature could reflect a north trending structure that may be related to gold emplacement. A TDEM survey (HP PROTEM 47 TDEM) was completed over approximately 12 kilometers of the grid and collected 3740 data points. The TDEM survey was conducted on lines 100 meters apart and was carried out with readings at 25 meter intervals along the grid lines. The partial TDEM coverage suggests a possible conductor(s) in the central part of the grid between line 0 and 400 east. The response on the later channels suggests the conductive source is bedrock. An IP survey was attempted over three kilometers of the grid but was abandoned due to difficulties getting current into bedrock caused by excessive thicknesses of saturated clays in the overburden.

### **Millen Mountain Property**

The Company also currently holds a 100% interest in exploration rights to 80 mineral claim units located approximately 20 km east of Stewiacke, Nova Scotia. The Company staked these Nova Scotia claims through the Nova Scotia Department of Natural Resources in 2011 at a cost of \$1,342. In connection with the staking of these Nova Scotia claims, the Company issued 100,000 common shares valued at \$5,000 (\$0.05 per common share) to a director of the Company as a finder’s fee. The Company decided it did not have the funds necessary to meet the work commitment obligations on the Nova Scotia mineral claims in order to renew the claims by June 17, 2012, and thus felt it was in the best interests of its shareholders to sell its interest in these claims. During the year ended January 31, 2013, the Company entered into an agreement with Millen Mountain Exploration Inc., a company related by way of a director and shareholder in common, to transfer these Nova Scotia mineral rights and exploration licenses in exchange for the principal sum of \$18,000, resulting in a loss of \$Nil for the period ended April 30, 2014 (April 30, 2013 - \$Nil). As of the date of this MD&A, the \$18,000 currently remains unpaid. From the date of incorporation to April 30, 2014 the Company has recognized a cumulative amount of \$23,292 in acquisition and exploration costs related to the Nova Scotia mineral claims. In the three month period ended April 30, 2014 the Company has recognized a cumulative amount of \$Nil (April 30, 2013 - \$Nil) in acquisition and exploration costs related to the Nova Scotia mineral claims.

## Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements and does not contemplate having them in the foreseeable future.

## Transactions between Related Parties

During the year ended January 31, 2014, an officer and director of the Company made a general contribution to capital to the Company in the amount of \$Nil (January 31, 2013 - \$3,160). This has been recorded as an increase in contributed surplus.

During the year ended January 31, 2013, the Company entered into an agreement with Millen Mountain Exploration Inc., a company related by way of a director and shareholder in common where by the Company is to transfer all mineral rights and exploration licenses related to Millen Mountain Property in exchange for the proceeds of \$18,000, which was to be paid on or before July 5 2012 but remains unpaid as of the date of this MD&A.

### Due from/to related parties:

The assets of the Company include the following amounts due from related parties:

	<b>As at</b>	<b>As at</b>
	<b>April 30, 2014</b>	<b>January 31, 2014</b>
	<b>\$</b>	<b>\$</b>
An officer of the Company	3,025	3,139
Total amount due from related parties	3,025	3,139

These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. These transactions are in the normal course of operations.

## Use of Judgments, Estimates and Assumptions

Preparing financial statements requires management to make estimates and assumptions that affect the reported results. The estimates are based on historical experience and other assumptions believed to be reasonable under the circumstances. Areas requiring a significant degree of estimation and judgment relate to the fair value measurements for financial instruments and share-based payments, the recognition and valuation of provisions for decommissioning liabilities, the recoverability and

measurement of deferred tax assets and liabilities and ability to continue as a going concern. Actual results may differ from those estimates and judgments.

Critical accounting policies are disclosed in the Company's annual audited financial statements for the year ended January 31, 2014.

### **Financial Instruments and Other Instruments**

The carrying values of cash and cash equivalents, amounts receivable and trade payables approximate their fair values because of the short-term maturity of these financial instruments. The Company has no exposure to asset backed commercial paper.

#### **Credit risk**

Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents and amounts receivable. The Company manages its credit risk relating to cash and cash equivalents by dealing only with high-rated financial institutions as determined by rating agencies. As at April 30, 2014, amounts receivable of \$27,775 comprised of Goods and Services Tax/Harmonized Sales Tax ("GST/HST") receivable of \$26,775 (January 31, 2014 - \$25,862). As a result, credit risk is considered insignificant.

#### **Liquidity risk**

The Company manages liquidity risk by maintaining an adequate level of cash and cash equivalents to meet its ongoing obligations. The Company has been successful in raising equity financing in the past; however, there is no assurance that it will be able to do so in the future. As at April 31, 2014, the Company had working capital of \$160,806 (January 31, 2014 - \$192,658). Liquidity risk is considered insignificant.

#### **Other risks**

Unless otherwise noted, it is management's opinion that the Company is not exposed to significant currency risk, interest rate risk and commodity price risk arising from financial instruments.

### **Disclosure of Outstanding Security Data**

As of the date of this MD&A, the Company has: 11,296,260 common shares issued and outstanding (January 31, 2014 - 11,296,260); 781,200 stock options, each exercisable for one common share of the Company for \$0.15 for a period of five years from the date of issuance, issued and outstanding; and 268,000 agent compensation warrants, each exercisable for one common share of the Company for \$0.15 for a period of two years from the date of issuance, issued and outstanding. The Company has no other securities issued or outstanding that are convertible into, or exercisable or exchangeable for, voting or equity securities of the Company.

## **Outlook**

The Company's priorities for the coming year are to commence the recommended exploration program on the Pattullo Property. The Company plans to review the results of the exploration program to determine whether an additional exploration program is warranted for the Property. The Company's directors determine if continuing to explore the Company's Pattullo Property is in the best interests of its shareholders.

There are significant risks that might affect the Company's further development. These include but are not limited to: exploration programs that may not result in a commercial mining operation; negative cash flow from operations; the Company's ability to raise financing in the future for ongoing operations; market fluctuations in metal prices; government regulations; and other conditions that may be out of the Company's control.

## **Accounting Policies**

A detailed summary of all of the Company's significant accounting policies is included in Note 3 to the audited financial statements for the financial year ended January 31, 2014. The Company, in consultation with its Auditor, periodically reviews accounting policy changes implemented within its industry.